

Arizona, Flagstaff, Tucson minimum wage rates rise January 1

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On January 1, 2021, Arizona's minimum wage increased to \$12.15 per hour, establishing a rank of seventh highest among the 50 states (tied with Maine). At the time of this writing, seven states either had no minimum wage laws or had established a minimum wage below the federal minimum wage of \$7.25 per hour. Many other states across the country enacted laws that implement periodic increases either based on the passage of time or the cost of living. With changes coming across the country in January 2022, Arizona will hold steady in seventh place among the states.

Cue the increase

On September 16, 2021, the Industrial Commission of Arizona announced the state's minimum wage will increase by 65 cents to \$12.80, one of the largest increases Arizona has seen since the lockstep jumps mandated by the 2016 Arizona Fair Wages and Healthy Families Act ceased. The increase is based on the increase in inflation between August 2020 and August 2021, as published by the U.S. Bureau of Labor Statistics' Consumer Price Index.

As a reminder, the Act permits employers of tipped employees to take a \$3.00 per hour tip credit. Keep in mind that tips must make up the difference, so employees make at least the state minimum wage counting tips.

Flagstaff's rate higher than state's

In the same 2016 election that Arizona voters passed the Act increasing the state's minimum wage, Flagstaff voters passed its own minimum wage initiative (Proposition 414), giving an even bigger pay raise to its minimum wage workers. January 1, 2022, will see the initiative's final mandated jump, and Flagstaff's workforce will see its minimum wage increase to \$15.50 per hour.

The Flagstaff initiative also provides its minimum wage must be \$2 per hour above Arizona's minimum wage. Like Arizona, the next increase in January 2023 will be determined by cost of living. The tipped minimum wage in Flagstaff will be \$13 per hour in 2022, less than Arizona's permissible \$3.00 per hour tip credit. In fact, the tip credit to Flagstaff employers has been gradually decreasing over time and will be completely phased out in 2026.

Tucson follows suit

On November 2, 2021, Tucson voters took a page from the Flagstaff voter playbook and voted yes on a ballot initiative (Tucson Minimum Wage Act) that would gradually increase the citywide minimum wage starting on April 1, 2022, until the minimum wage reaches \$15 in 2025.

The initiative came on the heels of the local government's decision to increase minimum wages for its employees to \$15 per hour within two years. The passage of this initiative means Tucson employers must begin to pay employees at least \$13 per hour, on April 1, 2022, which is higher than the state's minimum wage.

Posters must be updated

All Arizona employers must post a current minimum wage poster regardless of whether the employer has minimum wage workers or whether the minimum wage changes each year. The Industrial Commission of Arizona issues the required annual minimum wage posters each year. They are free and available in both English and Spanish on its website (www.azica.gov).

Flagstaff employers must adhere to similar posting requirements. The city's Office of Labor Standards also issues annual city posters. Employers must post the notices in English, Spanish, and any language spoken by at least five percent of its workforce. Minimum wage posters are available in English and Spanish at <https://www.flagstaff.az.gov/3520/Minimum-Wage>.

Start 2022 off right

Regardless of where you are in Arizona, make sure you are ready to implement the change to minimum wage effective January 1. Timely update pay rates for all minimum wage workers. Determine whether the increase in minimum wage will result in an increase to any other workers. Audit your bulletin boards to update posters requiring revisions and to ensure all necessary notices are posted.

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